
**PRELIMINARY STUDY OF NON-AUDIT SERVICES
DETERMINANTS IN MALAYSIA**

by

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KOLEJ PERNIAGAAN
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ABSTRAK

Penyelidikan ini bertujuan untuk melihat beberapa faktor yang mempengaruhi pembelian yuran bukan audit sesebuah syarikat di Malaysia. Kajian ini lebih cenderung kepada kesan kuasa korporat seseorang Ketua Pegawai Eksekutif Bersama, kebebasan Ahli Lembaga Pengarah dan kebebasan Jawatankuasa Audit terhadap pembelian yuran-yuran bukan audit. Penyelidikan ini merupakan perintis kepada penilaian kawalan korporat terhadap yuran-yuran bukan audit. Hasil penemuan telah menunjukkan bahawa peranan Ketua Pegawai Eksekutif bersama, kebebasan Ahli Lembaga Pengarah untuk membuat keputusan dan kebebasan Jawatankuasa Audit adalah negatif terhadap yuran bukan audit. Walau bagaimanapun, saiz sesebuah syarikat menunjukkan hubung kait yang positif terhadap yuran bukan audit manakala yuran audit dan hutang menunjukkan hubung kait yang negative terhadap yuran bukan audit. Selain itu, kajian ini adalah untuk memperluaskan lagi kajian mengenai faktor yang mempengaruhi pembelian yuran bukan audit sesebuah syarikat. Penemuan kajian ini diharapkan dapat memberi garis panduan yang bernilai kepada pembuat dan pengamal polisi mengenai skop yang mempengaruhi yuran-yuran bukan audit.

Katakunci : Yuran bukan audit, Ketua Pegawai Eksekutif Bersama, Kebebasan Ahli Lembaga Pengarah, Kebebasan Jawatankuasa Audit.

ABSTRACT

This research is being conducted in order to look into factors that influence the purchase of non-audit fees of the companies in Malaysia. The research investigates the effects of chief executive officer duality, board independence and audit committee independence on purchase non-audit services. This study is a pioneer studies that reviewed this effects on non-audit services. The finding indicates that the chief executive officer duality, board independence and audit community independence are negative towards non-audit services. However, company size was showed a positive effect on non-audit services while audit fees and leverage were showed a negative effect on non-audit services. This study contributes to the growing of literature by demonstrating the significant factors that will give effect to the purchase of non-audit services. The findings are also relevant to the policy makers and practitioners about the exposure factors that affect non-audit services.

Key words: non-audit services, chief executive officer duality, board independence, audit committee independence

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LIST OF ABBREVIATIONS

BMB	Bursa Malaysia Berhad
EC	European Commission
ICAEW	Institute of Chartered Accountants in England and Wales
IFAC	International Federation of Accountants
KLSE	Kuala Lumpur Stock Exchange
MCCG	Malaysian Code of Corporate Governance
MIA	Malaysian Institute of Accountants
SEC	Securities and Exchange Commission, United States

CHAPTER 1

INTRODUCTION

1.1 Overview of the chapter

This chapter will be focusing on the topic, which includes the background of the study by indicating the problem statement, research question and research objective, and the significance of conducting this research together with the organization of the study.

1.2 Background of the study

The Asian financial crisis in the late 1990s highlights the importance of good corporate governance practices to help restore investors' confidence in the East Asian market (Hashim & Devi, 2004). Furthermore, it had also stated that the financial crisis along with the highly publicized scandals in the United States had firmly determined the critical needs for companies in both developed and developing countries to improve corporate governance practices and to gain back investor's confidence towards the integrity of accounting profession.

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